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SUBJECT: JERUSALEM MEDIA REACTION (06/30): PALESTINIANS WANT HAMAS
TO SHOW MORE FLEXIBILITY

Main Stories:

Al-Quds' lead story reports on Palestinian Authority (PA) President Mahmud Abbas' appearance at the launching of "housing project in Ramallah," in which he reiterated that Israel must halt all settlement activities, and fulfill its road map obligations before the PA resumes negotiations (June 29). Additionally, the Israeli government is reported to have endorsed the construction of 50 new settlement units in a settlement in the West Bank (June 29). This endorsement came a few hours before the Israeli Defense Minister left to the US to meet with Senator Mitchell to discuss the settlements issue. These new units are reportedly part of a larger scheme that includes the construction of 1450 future settlement.

Al-Hayat Al-Jadida also reports on President Abbas' appearance at the Ramallah housing launch (June 29), implemented by the Palestinian Investment Fund with a value of \$200 m. Abbas affirmed the Palestinians recognition of the State of Israel, adding Palestinians are ready to pursue negotiations if the Israelis meet their roadmap obligations.

Al-Quds and Al-Hayat Al-Jadida report of five preconditions made by Israeli Prime Minister Netanyahu, before Israeli-Palestinian negotiations can resume: 1) the Palestinian recognition of Israel as a Jewish state; 2)disarmed Palestinian state; 3) international support to the security arrangements; 4)no return for refugees to Israel; and 5)any agreement must provide a permanent end to the conflict.

Al-Ayyam and Al-Hayat Al-Jadida both report on comments made by Fatah parliamentary block leader Al-Ahmad (June 29) of progress being made during the bilateral talks in Cairo between Hamas and

Fatah. Reports are optimistic that an agreement will likely be signed on July 7.

All dailies reported the official launch of the Abraham Lincoln Incentive Scholarship at Amideast offices in Ramallah (June 29), with the Consul General in attendance. A recorded video message was made by Judith McHale, Under Secretary for Public Diplomacy and Public Affairs from her office in Washington to students about the scholarship. The headlines read: "Ramallah: The US Consul General launches the Abraham Lincoln Incentive Scholarship for Studying in the US;" "To contribute in building the Palestinian State, the Consul General launches from Ramallah the Abraham Lincoln Incentive Scholarship to enable the Palestinian students from pursuing their education;" and "US Scholarships for Palestinian students to study at the US".

Al-Hayat Al-Jadida's article leads with "The Consul General reiterates the US rejection to the continuation of settlement activities." The article includes photos of the Consul General at the Abraham Lincoln Scholarship launching ceremony, where he reiterated that the US rejects the continuation of the settlement expansion in the Palestinian territories, and emphasizing that the Obama administration duly supports the establishment of an independent Palestinian state. The article started with the following heading

All dailies front page coverage on the Palestinian Authority (PA) Prime Minister Fayyad noting during the PA weekly cabinet meeting on June 29 that Israel must halt all settlement activities. Fayyad called on the Middle East Quartet and the US administration to

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intervene and exert every pressure to force Israel to stop all settlement activities.

BLOCK QUOTES:

1) Rajab Abu Sirriyeh, Al-Ayyam, "The dialogue in Cairo" (06/30): " Hamas realizes now [after the failure of Hizbullah in the Lebanese elections] that in order to have a role in the unity government, it must show more flexibility and a readiness to open a dialogue with the US... That is why Hamas leaders have tried, through Misha'al's speech, to indicate their willingness for more engagement with the US."

2) Al-Quds editorial, "Barak and his political misleading agenda" (06/30): "Prior to his departure to the US to discuss the halting of settlements, Barak has endorsed the construction of new settlement units, a typical deceiving Israeli position... The US administration and the international community should realize the Israeli policy and its implications on the peace process which never seemed to be one of Israel's priorities."

WALLES